

Union Calendar No. 223

115TH CONGRESS
1ST SESSION

H. R. 2763

[Report No. 115–313, Parts I and II]

To amend the Small Business Act to improve the Small Business Innovation Research program and Small Business Technology Transfer program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 30, 2017

Mr. KNIGHT (for himself and Mrs. MURPHY of Florida) introduced the following bill; which was referred to the Committee on Small Business, and in addition to the Committee on Science, Space, and Technology, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

SEPTEMBER 14, 2017

Additional sponsor: Miss GONZÁLEZ-COLÓN of Puerto Rico

SEPTEMBER 14, 2017

Reported from the Committee on Small Business with an amendment

[Strike out all after the enacting clause and insert the part printed in *italic*]

SEPTEMBER 14, 2017

Reported from the Committee on Science, Space, and Technology with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in **boldface roman**]

[For text of introduced bill, see copy of bill as introduced on May 30, 2017]

A BILL

To amend the Small Business Act to improve the Small Business Innovation Research program and Small Business Technology Transfer program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Small Business Innova-*
 5 *tion Research and Small Business Technology Transfer Im-*
 6 *provements Act of 2017”.*

7 **SEC. 2. REPORTING REQUIREMENTS.**

8 *(a) ANNUAL REPORT TO CONGRESS.—Section 9(b)(7)*
 9 *of the Small Business Act (15 U.S.C. 638(b)(7)) is amended*
 10 *by striking “to report not less than annually” and inserting*
 11 *“to submit a report not later than December 31 of each*
 12 *year”.*

13 *(b) ANNUAL REPORT TO SBA AND THE OFFICE OF*
 14 *SCIENCE AND TECHNOLOGY POLICY.—Section 9(g)(9) of the*
 15 *Small Business Act (15 U.S.C. 638(g)(9)) is amended—*

16 *(1) by striking “make an annual report” and in-*
 17 *serting “not later than March 30 of each year, submit*
 18 *a report”; and*

19 *(2) by striking “and the Office of Science and*
 20 *Technology Policy” and inserting “, the Office of*
 21 *Science and Technology Policy, the Committee on*
 22 *Science, Space, and Technology and the Committee on*
 23 *Small Business of the House of Representatives, and*
 24 *the Committee on Small Business and Entrepreneur-*
 25 *ship of the Senate”.*

1 **SEC. 3. REQUIRING INSERTION INCENTIVES.**

2 Section 9(y)(5) of the Small Business Act (15 U.S.C.
3 638(y)(5)) is amended by striking “is authorized to” and
4 inserting “shall”.

5 **SEC. 4. SBIR PHASE FLEXIBILITY.**

6 Section 9(cc) of the Small Business Act (15 U.S.C.
7 638(cc)) is amended by striking “During fiscal years” and
8 all that follows through “may each provide” and inserting
9 “During fiscal years 2018 through 2022, all agencies par-
10 ticipating in the SBIR program may provide”.

11 **SEC. 5. ESTABLISHING THE CIVILIAN AGENCY COMMER-**
12 **CIALIZATION READINESS PROGRAM.**

13 Section 9(gg) of the Small Business Act (15 U.S.C.
14 638(gg)) is amended—

15 (1) by amending the subsection heading to read
16 as follows: “CIVILIAN AGENCY COMMERCIALIZATION
17 READINESS PROGRAM”;

18 (2) in paragraph (1), by inserting “to establish
19 a Civilian Agency Commercialization Readiness Pro-
20 gram for civilian agencies” after “the covered Federal
21 agency”;

22 (3) in paragraph (2)(A)—

23 (A) by striking “establish a pilot program”
24 and inserting “establish a Civilian Agency Com-
25 mercialization Readiness Program under this
26 subsection”; and

1 (B) by striking “the pilot program” and in-
 2 serting “such Civilian Agency Commercializa-
 3 tion Readiness Program”;

4 (4) in paragraphs (3) and (4), by striking “a
 5 pilot program” each place such term appears and in-
 6 serting “a Civilian Commercialization Readiness
 7 Program”;

8 (5) in paragraph (6), by striking “the pilot pro-
 9 gram” and inserting “a Civilian Agency Commer-
 10 cialization Readiness Program”;

11 (6) by striking paragraph (7) and redesignating
 12 paragraph (8) as paragraph (7); and

13 (7) in paragraph (7) (as so redesignated), by
 14 amending subparagraph (B) to read as follows:

15 “(B) the term ‘Civilian Agency Commer-
 16 cialization Readiness Program’ means each pro-
 17 gram established under paragraph (1).”.

18 **SEC. 6. EXTENSION OF DEADLINE FOR ASSISTANCE FOR**
 19 **ADMINISTRATIVE, OVERSIGHT, AND CON-**
 20 **TRACT PROCESSING COSTS.**

21 Section 9(mm)(1) of the Small Business Act (15
 22 U.S.C. 638(mm)(1)) is amended by striking “September 30,
 23 2017” and inserting “September 30, 2022”.

1 **SEC. 7. INCREASED UNDERSERVED POPULATION PARTICI-**
 2 **PATION WAIVER REMOVED.**

3 (a) *IN GENERAL.*—Section 9(mm)(2) of the Small
 4 Business Act (15 U.S.C. 638(mm)(2)) is amended to read
 5 as follows:

6 “(2) *OUTREACH AND TECHNICAL ASSISTANCE.*—
 7 A Federal agency participating in the program under
 8 this subsection shall use a portion of the funds au-
 9 thorized for uses under paragraph (1) to carry out the
 10 policy directive required under subsection (j)(2)(F)
 11 and to increase the participation of States with re-
 12 spect to which a low level of SBIR awards have his-
 13 torically been awarded.”.

14 (b) *CONFORMING AMENDMENT.*—Section 9(mm)(6) of
 15 the Small Business Act (15 U.S.C. 638(mm)(6)) is amended
 16 by striking “paragraph (2)(A) and any use of the waiver
 17 authority under paragraph (2)(B)” and inserting “para-
 18 graph (2)”.

19 **SEC. 8. ANNUAL MEETING.**

20 (a) *IN GENERAL.*—Section 9 of the Small Business Act
 21 (15 U.S.C. 638) is amended by adding at the end the fol-
 22 lowing new subsection:

23 “(tt) *ANNUAL MEETING.*—

24 “(1) *IN GENERAL.*—The head of each Federal
 25 agency required to have a program under this section

1 *(or a designee) and the Administrator (or a designee)*
 2 *shall meet annually to discuss methods—*

3 *“(A) to improve the collection of data under*
 4 *this section;*

5 *“(B) to improve the reporting of data to the*
 6 *Administrator under this section;*

7 *“(C) to make the application processes for*
 8 *programs under this section more efficient; and*

9 *“(D) to increase participation in the pro-*
 10 *grams established under this section.*

11 *“(2) REPORT.—Not later than 60 days after the*
 12 *date on which an annual meeting required under*
 13 *paragraph (1) is held, the Administrator shall submit*
 14 *to the Committee on Small Business and Entrepre-*
 15 *neurship of the Senate and the Committee on Small*
 16 *Business and the Committee on Science, Space, and*
 17 *Technology of the House of Representatives, a report*
 18 *on the findings of such meeting and recommendations*
 19 *on how to implement changes to programs under this*
 20 *section.”.*

21 *(b) FUNDING FOR ANNUAL MEETING.—Section*
 22 *9(mm)(1) of the Small Business Act (15 U.S.C.*
 23 *638(mm)(1)), as amended by this Act, is further amended—*
 24 *(1) in subparagraph (I), by striking the “and”*
 25 *at the end;*

1 (2) *in subparagraph (J), by striking the period*
 2 *at the end and inserting “; and”; and*

3 (3) *by adding at the end the following new sub-*
 4 *paragraph:*

5 “(K) *the annual meeting required under*
 6 *subsection (tt).”.*

7 **SEC. 9. COMPLIANCE OF PHASE III AWARDS WITH COMPETI-**
 8 **TIVE PROCEDURES.**

9 *Section 9(r)(4) of the Small Business Act (15 U.S.C.*
 10 *638(r)(4)) is amended by striking “, including sole source*
 11 *awards,” and inserting “as direct follow-on awards issued*
 12 *without further competition”.*

13 **SEC. 10. COMMERCIALIZATION ASSISTANCE PILOT PRO-**
 14 **GRAMS.**

15 *Section 9 of the Small Business Act (15 U.S.C. 638),*
 16 *as amended by section 8, is further amended by adding at*
 17 *the end the following new subsection:*

18 “(uu) *COMMERCIALIZATION ASSISTANCE PILOT PRO-*
 19 *GRAMS.—*

20 “(1) *PILOT PROGRAMS IMPLEMENTED.—*

21 “(A) *IN GENERAL.—Except as provided in*
 22 *subparagraph (B), not later than one year after*
 23 *the date of the enactment of this subsection, a*
 24 *covered agency shall implement a commercializa-*
 25 *tion assistance pilot program, under which an*

1 *eligible entity may receive a subsequent Phase II*
2 *SBIR award.*

3 “(B) *EXCEPTION.*—*If the Administrator de-*
4 *termines that a covered agency has a program*
5 *that is sufficiently similar to the commercializa-*
6 *tion assistance pilot program established under*
7 *this subsection, such covered agency shall not be*
8 *required to implement a commercialization as-*
9 *sistance pilot program under this subsection.*

10 “(2) *PERCENT OF AGENCY FUNDS.*—*The head of*
11 *each covered agency may allocate not more than 5*
12 *percent of the funds allocated to the SBIR program*
13 *of the covered agency for the purpose of making a sub-*
14 *sequent Phase II SBIR award under the commer-*
15 *cialization assistance pilot program.*

16 “(3) *TERMINATION.*—*A commercialization assist-*
17 *ance pilot program established under this subsection*
18 *shall terminate on September 30, 2022.*

19 “(4) *APPLICATION.*—*To be selected to receive a*
20 *subsequent Phase II SBIR award under a commer-*
21 *cialization assistance pilot program, an eligible entity*
22 *shall submit to the covered agency implementing such*
23 *pilot program an application at such time, in such*
24 *manner, and containing such information as the cov-*
25 *ered agency may require, including—*

1 “(A) *an updated Phase II commercializa-*
2 *tion plan; and*

3 “(B) *the source and amount of the matching*
4 *funding required under paragraph (5).*

5 “(5) *MATCHING FUNDING.—*

6 “(A) *IN GENERAL.—The Administrator*
7 *shall require, as a condition of any subsequent*
8 *Phase II SBIR award made to an eligible entity*
9 *under this subsection, that a matching amount*
10 *(excluding any fees collected by the eligible entity*
11 *receiving such award) equal to the amount of*
12 *such award be provided from an eligible third-*
13 *party investor.*

14 “(B) *INELIGIBLE SOURCES.—An eligible en-*
15 *tity may not use funding from ineligible sources*
16 *to meet the matching requirement of subpara-*
17 *graph (A).*

18 “(6) *AWARD.—A subsequent Phase II SBIR*
19 *award made to an eligible entity under this sub-*
20 *section—*

21 “(A) *may not exceed the limitation de-*
22 *scribed under subsection (aa)(1); and*

23 “(B) *shall be disbursed during Phase II.*

24 “(7) *USE OF FUNDS.—The funds awarded to an*
25 *eligible entity under this subsection may only be used*

1 *for research and development activities that build on*
2 *eligible entity's Phase II program and ensure the re-*
3 *search funded under such Phase II is rapidly pro-*
4 *gressing towards commercialization.*

5 “(8) *SELECTION.—In selecting eligible entities to*
6 *participate in a commercialization assistance pilot*
7 *program under this subsection, the head of a covered*
8 *agency shall consider—*

9 “(A) *the extent to which such award could*
10 *aid the eligible entity in commercializing the re-*
11 *search funded under the eligible entity's Phase II*
12 *program;*

13 “(B) *whether the updated Phase II commer-*
14 *cialization plan submitted under paragraph (4)*
15 *provides a sound approach for establishing tech-*
16 *nical feasibility that could lead to commer-*
17 *cialization of such research;*

18 “(C) *whether the proposed activities to be*
19 *conducted under such updated Phase II commer-*
20 *cialization plan further improve the likelihood*
21 *that such research will provide societal benefits;*

22 “(D) *whether the small business concern has*
23 *progressed satisfactorily in Phase II to justify re-*
24 *ceipt of a subsequent Phase II SBIR award;*

1 “(E) the expectations of the eligible third-
2 party investor that provides matching funding
3 under paragraph (5); and

4 “(F) the likelihood that the proposed activi-
5 ties to be conducted under such updated Phase II
6 commercialization plan using matching funding
7 provided by such eligible third-party investor
8 will lead to commercial and societal benefit.

9 “(9) *EVALUATION REPORT*.—Not later than 3
10 years after the date of the enactment of this sub-
11 section, the Comptroller General of the United States
12 shall submit to the Committee on Science, Space, and
13 Technology and the Committee on Small Business of
14 the House of Representatives, and the Committee on
15 Small Business and Entrepreneurship of the Senate,
16 a report including—

17 “(A) a summary of the activities of com-
18 mercialization assistance pilot programs carried
19 out under this subsection;

20 “(B) a detailed compilation of results
21 achieved by such commercialization assistance
22 pilot programs, including the number of eligible
23 entities that received awards under such pro-
24 grams;

1 “(C) the rate at which each eligible entity
2 that received a subsequent Phase II SBIR award
3 under this subsection commercialized research of
4 the recipient;

5 “(D) the growth in employment and rev-
6 enue of eligible entities that is attributable to
7 participation in a commercialization assistance
8 pilot program;

9 “(E) a comparison of commercialization
10 success of eligible entities participating in a
11 commercialization assistance pilot program with
12 recipients of an additional Phase II SBIR
13 award under subsection (ff);

14 “(F) demographic information, such as eth-
15 nicity and geographic location, of eligible entities
16 participating in a commercialization assistance
17 pilot program;

18 “(G) an accounting of the funds used at
19 each covered agency that implements a commer-
20 cialization assistance pilot program under this
21 subsection;

22 “(H) the amount of matching funding pro-
23 vided by eligible third-party investors, set forth
24 separately by source of funding;

1 “(I) an analysis of the effectiveness of the
2 commercialization assistance pilot program im-
3 plemented by each covered agency; and

4 “(J) recommendations for improvements to
5 the commercialization assistance pilot program.

6 “(10) *DEFINITIONS.*—For purposes of this sub-
7 section:

8 “(A) *COVERED AGENCY.*—The term ‘covered
9 agency’ means a Federal agency required to have
10 an SBIR program.

11 “(B) *ELIGIBLE ENTITY.*—The term ‘eligible
12 entity’ means a small business concern that has
13 received a Phase II award under an SBIR pro-
14 gram and an additional Phase II SBIR award
15 under subsection (ff) from the covered agency to
16 which such small business concern is applying
17 for a subsequent Phase II SBIR award.

18 “(C) *ELIGIBLE THIRD-PARTY INVESTOR.*—
19 The term ‘eligible third-party investor’ means a
20 small business concern other than an eligible en-
21 tity, a venture capital firm, an individual inves-
22 tor, a non-SBIR Federal, State or local govern-
23 ment, or any combination thereof.

24 “(D) *INELIGIBLE SOURCES.*—The term ‘in-
25 eligible sources’ means the following:

1 “(i) *The eligible entity’s internal re-*
2 *search and development funds.*

3 “(ii) *Funding in forms other than*
4 *cash, such as in-kind or other intangible as-*
5 *sets.*

6 “(iii) *Funding from the owners of the*
7 *eligible entity, or the family members or af-*
8 *filiates of such owners.*

9 “(iv) *Funding attained through loans*
10 *or other forms of debt obligations.*

11 “(E) *SUBSEQUENT PHASE II SBIR*
12 *AWARD.—The term ‘subsequent Phase II SBIR*
13 *award’ means an award granted to an eligible*
14 *entity under this subsection to carry out further*
15 *commercialization activities for research con-*
16 *ducted pursuant to an SBIR program.’.”.*

17 **SEC. 11. PROCUREMENT CENTER REPRESENTATIVES AND**
18 **OTHER ACQUISITION PERSONNEL IN THE**
19 **SBIR AND STTR PROGRAMS.**

20 (a) *DEFINITION OF SENIOR PROCUREMENT EXECU-*
21 *TIVE.—Section 9(e) of the Small Business Act (15 U.S.C.*
22 *638(e)) is amended—*

23 (1) *in paragraph (12)(B), by striking “and” at*
24 *the end;*

1 (2) in paragraph (13)(B), by striking the period
2 at the end and inserting “; and”; and

3 (3) by adding at the end the following new para-
4 graph:

5 “(14) the term ‘senior procurement executive’
6 means an official designated under section 1702(c) of
7 title 41, United States Code, as the senior procure-
8 ment executive of a Federal agency participating in
9 a SBIR or STTR program.”.

10 (b) *INCLUSION OF SENIOR PROCUREMENT EXECU-*
11 *TIVES IN SBIR AND STTR.*—

12 (1) *IN GENERAL.*—Section 9(b) of the *Small*
13 *Business Act* (15 U.S.C. 638(b)) is amended—

14 (A) in paragraph (8), by striking “and” at
15 the end;

16 (B) in paragraph (9), by striking the period
17 at the end and inserting “; and”; and

18 (C) by adding at the end the following new
19 paragraph:

20 “(10) to coordinate, where appropriate, with the
21 senior procurement executive of the relevant Federal
22 agency to assist small business concerns participating
23 in a SBIR or STTR program with commercializing
24 research developed under such a program before such

1 *small business concern is awarded a contract from*
 2 *such Federal agency.”.*

3 (2) *TECHNICAL AMENDMENT.—Section 9(b)(3) of*
 4 *the Small Business Act (15 U.S.C. 638(b)(3)) is*
 5 *amended by striking “and” at the end.*

6 (c) *MODIFICATIONS RELATING TO PROCUREMENT*
 7 *CENTER REPRESENTATIVES AND OTHER ACQUISITION*
 8 *PERSONNEL.—*

9 (1) *SBIR AMENDMENT.—Section 9(j) of the*
 10 *Small Business Act (15 U.S.C. 638(j)) is amended by*
 11 *adding at the end the following new paragraph:*

12 “(4) *MODIFICATIONS RELATING TO PROCURE-*
 13 *MENT CENTER REPRESENTATIVES.—Upon the enact-*
 14 *ment of this paragraph, the Administrator shall mod-*
 15 *ify the policy directives issued pursuant to this sub-*
 16 *section to require procurement center representatives*
 17 *(as described in section 15(l)) to assist small business*
 18 *concerns participating in the SBIR program, par-*
 19 *ticularly in Phase III. The procurement center rep-*
 20 *resentatives shall coordinate with the appropriate*
 21 *contracting officer and the appropriate Director of the*
 22 *Office of Small and Disadvantaged Business Utiliza-*
 23 *tion established pursuant to section 15(k) for the*
 24 *agency letting the contract.”.*

1 (2) *STTR AMENDMENT*.—Section 9(p)(2) of the
 2 *Small Business Act* (15 U.S.C. 638(p)(2)) is amend-
 3 ed—

4 (A) in subparagraph (E)(ii), by striking
 5 “and” at the end;

6 (B) in subparagraph (F), by striking the
 7 period at the end and inserting “; and”; and

8 (C) by adding at the end the following new
 9 subparagraph:

10 “(G) procedures to ensure that procurement
 11 center representatives (as described in section
 12 15(l))—

13 “(i) assist small business concerns par-
 14 ticipating in the *STTR* program, particu-
 15 larly in Phase III; and

16 “(ii) coordinate with the appropriate
 17 contracting officer and the appropriate Di-
 18 rector of the Office of Small and Disadvan-
 19 taged Business Utilization established pur-
 20 suant to section 15(k) for the Federal agen-
 21 cy letting the contract in providing the as-
 22 sistance described in clause (i).”.

23 (d) *AMENDMENT TO DUTIES OF PROCUREMENT CEN-*
 24 *TER REPRESENTATIVES*.—Section 15(l)(2) of the *Small*
 25 *Business Act* (15 U.S.C. 644(l)(2)) is amended—

1 (1) in subparagraph (I), by striking “and” at
2 the end;

3 (2) by redesignating subparagraph (J) as sub-
4 paragraph (L); and

5 (3) by inserting after subparagraph (I) the fol-
6 lowing new subparagraphs:

7 “(J) assist small business concerns partici-
8 pating in a SBIR or STTR program under sec-
9 tion 9 with Phase III;

10 “(K) coordinate with the appropriate con-
11 tracting officer and the appropriate Director of
12 the Office of Small and Disadvantaged Business
13 Utilization established pursuant to subsection (k)
14 for the agency letting the contract; and”.

15 (e) AMENDMENT TO THE DUTIES OF THE DIRECTOR
16 OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION
17 FOR FEDERAL AGENCIES.—Section 15(k) of the Small
18 Business Act (15 U.S.C. 644(k)) is amended—

19 (1) in paragraph (19), by striking “and” at the
20 end;

21 (2) in paragraph (20), by striking the period at
22 the end and inserting a semicolon; and

23 (3) by adding at the end the following new para-
24 graphs:

1 “(21) shall assist small business concerns par-
 2 ticipating in a SBIR or STTR program under sec-
 3 tion 9 with researching applicable solicitations for the
 4 award of a Federal contract (particularly with the
 5 Federal agency that has a funding agreement (as de-
 6 fined under section 9) with the concern) to market the
 7 research developed by such concern under such SBIR
 8 or STTR program; and

9 “(22) shall provide technical assistance to small
 10 business concerns participating in a SBIR or STTR
 11 program under section 9 to submit a bid for an
 12 award of a Federal contract, including coordination
 13 with procurement center representatives and the ap-
 14 propriate senior procurement executive for the agency
 15 letting the contract.”.

16 **SEC. 12. IMPROVEMENTS TO TECHNICAL AND BUSINESS AS-**
 17 **SISTANCE IN THE SBIR AND STTR PROGRAMS.**

18 Section 9(q) of the Small Business Act (15 U.S.C.
 19 638(q)) is amended—

20 (1) in the subsection heading, by inserting “AND
 21 BUSINESS” after “TECHNICAL”;

22 (2) in paragraph (1)—

23 (A) in the matter preceding subparagraph

24 (A)—

1 (i) by striking “a vendor selected under
2 paragraph (2)” and inserting “1 or more
3 vendors selected under paragraph (2)(A)”;

4 (ii) by inserting “and business” before
5 “assistance services”; and

6 (iii) by inserting “assistance with
7 product sales, intellectual property protec-
8 tions, market research, market validation,
9 and development of regulatory plans and
10 manufacturing plans,” after “technologies,”
11 and

12 (B) in subparagraph (D), by inserting “,
13 including intellectual property protections” be-
14 fore the period at the end;

15 (3) in paragraph (2)—

16 (A) by striking “Each agency may select a
17 vendor to assist small business concerns to meet”
18 and inserting the following:

19 “(A) *IN GENERAL.*—Each agency may select
20 1 or more vendors from which small business
21 concerns may obtain assistance in meeting”; and

22 (B) by adding at the end the following:

23 “(B) *SELECTION BY SMALL BUSINESS CON-*
24 *CERN.*—A small business concern may, by con-
25 tract or otherwise, select 1 or more vendors to as-

1 *sist the small business concern in meeting the*
2 *goals listed in paragraph (1).”; and*
3 *(4) in paragraph (3)—*

4 *(A) by inserting “(A)” after “paragraph*
5 *(2)” each place it appears;*

6 *(B) in subparagraph (A), by striking*
7 *“\$5,000 per year” each place it appears and in-*
8 *serting “\$6,500 per project”;*

9 *(C) in subparagraph (B)—*

10 *(i) by striking “\$5,000 per year” each*
11 *place it appears and inserting “\$35,000 per*
12 *project”; and*

13 *(ii) in clause (ii), by striking “which*
14 *shall be in addition to the amount of the re-*
15 *cipient’s award” and inserting “which may,*
16 *as determined appropriate by the head of*
17 *the agency, be included as part of the re-*
18 *cipient’s award or be in addition to the*
19 *amount of the recipient’s award”;*

20 *(D) in subparagraph (C)—*

21 *(i) by inserting “or business” after*
22 *“technical”;*

23 *(ii) by striking “the vendor” and in-*
24 *serting “a vendor”; and*

(iii) by adding at the end the following: “Business-related services aimed at improving the commercialization success of a small business concern may be obtained from an entity, such as a public or private organization or an agency of or other entity established or funded by a State that facilitates or accelerates the commercialization of technologies or assists in the creation and growth of private enterprises that are commercializing technology.”;

(E) in subparagraph (D)—

(i) by inserting “or business” after “technical” each place it appears; and

(ii) in clause (i), by striking “the vendor” and inserting “1 or more vendors”; and

(F) by adding at the end the following:

“(E) *MULTIPLE AWARD RECIPIENTS.*—The Administrator shall establish a limit on the amount of technical and business assistance services that may be received or purchased under subparagraph (B) by a small business concern that has received multiple Phase II SBIR or STTR awards for a fiscal year.”.

1 **SEC. 13. ADDITIONAL SBIR AND STTR TECHNOLOGY INSER-**
 2 **TION REPORTING REQUIREMENT.**

3 *Section 9(y)(6) of the Small Business Act (15 U.S.C.*
 4 *638(y)(6)) is amended—*

5 *(1) in subparagraph (B), by striking “and” at*
 6 *the end;*

7 *(2) in subparagraph (C)(iii), by striking the pe-*
 8 *riod at the end and inserting “; and”; and*

9 *(3) by adding at the end the following new sub-*
 10 *paragraph:*

11 *“(D) not later than 120 days after the date*
 12 *of the enactment of this subparagraph, and not*
 13 *later than December 31 of each year thereafter,*
 14 *submit to the Committee on Science, Space, and*
 15 *Technology and the Committee on Small Busi-*
 16 *ness of the House of Representatives, and to the*
 17 *Committee on Small Business and Entrepreneur-*
 18 *ship of the Senate, a report describing the goals*
 19 *set under subparagraph (A) and the incentives*
 20 *used or created under subparagraph (B).”.*

21 **SECTION 1. SHORT TITLE.**

22 **This Act may be cited as the “Small Busi-**
 23 **ness Innovation Research and Small Business**
 24 **Technology Transfer Improvements Act of**
 25 **2017”.**

1 **SEC. 2. REPORTING REQUIREMENTS.**

2 **(a) ANNUAL REPORT TO CONGRESS.—Section**
3 **9(b)(7) of the Small Business Act (15 U.S.C.**
4 **638(b)(7)) is amended by striking “to report**
5 **not less than annually” and inserting “to sub-**
6 **mit a report not later than December 31 of**
7 **each year”.**

8 **(b) ANNUAL REPORT TO SBA AND THE OF-**
9 **FICE OF SCIENCE AND TECHNOLOGY POLICY.—**
10 **Section 9(g)(9) of the Small Business Act (15**
11 **U.S.C. 638(g)(9)) is amended—**

12 **(1) by striking “make an annual re-**
13 **port” and inserting “not later than March**
14 **30 of each year, submit a report”; and**

15 **(2) by striking “and the Office of**
16 **Science and Technology Policy” and in-**
17 **serting “, the Office of Science and Tech-**
18 **nology Policy, the Committee on Science,**
19 **Space, and Technology and the Com-**
20 **mittee on Small Business of the House of**
21 **Representatives, and the Committee on**
22 **Small Business and Entrepreneurship of**
23 **the Senate”.**

1 SEC. 3. REQUIRING INSERTION INCENTIVES.

2 Section 9(y)(5) of the Small Business Act
3 (15 U.S.C. 638(y)(5)) is amended by striking “is
4 authorized to” and inserting “shall”.

5 SEC. 4. SBIR PHASE FLEXIBILITY.

6 Section 9(cc) of the Small Business Act (15
7 U.S.C. 638(cc)) is amended by striking “During
8 fiscal years” and all that follows through
9 “may each provide” and inserting “During fis-
10 cal years 2018 through 2022, all agencies par-
11 ticipating in the SBIR program may provide”.

12 SEC. 5. ESTABLISHING THE CIVILIAN AGENCY COMMER-
13 CIALIZATION READINESS PROGRAM.

14 Section 9(gg) of the Small Business Act (15
15 U.S.C. 638(gg)) is amended—

16 (1) by amending the subsection head-
17 ing to read as follows: “CIVILIAN AGENCY
18 COMMERCIALIZATION READINESS PROGRAM”;

19 (2) in paragraph (1), by inserting “to
20 establish a Civilian Agency Commer-
21 cialization Readiness Program for civil-
22 ian agencies” after “the covered Federal
23 agency”;

24 (3) in paragraph (2)(A)—

25 (A) by striking “establish a pilot
26 program” and inserting “establish a

1 **Civilian Agency Commercialization**
2 **Readiness Program under this sub-**
3 **section”; and**

4 **(B) by striking “the pilot pro-**
5 **gram” and inserting “such Civilian**
6 **Agency Commercialization Readiness**
7 **Program”;**

8 **(4) in paragraphs (3) and (4), by strik-**
9 **ing “a pilot program” each place such**
10 **term appears and inserting “a Civilian**
11 **Commercialization Readiness Program”;**

12 **(5) in paragraph (6), by striking “the**
13 **pilot program” and inserting “a Civilian**
14 **Agency Commercialization Readiness**
15 **Program”;**

16 **(6) by striking paragraph (7) and re-**
17 **designating paragraph (8) as paragraph**
18 **(7); and**

19 **(7) in paragraph (7) (as so redesign-**
20 **ated), by amending subparagraph (B) to**
21 **read as follows:**

22 **“(B) the term ‘Civilian Agency**
23 **Commercialization Readiness Pro-**
24 **gram’ means each program estab-**
25 **lished under paragraph (1).”.**

1 SEC. 6. EXTENSION OF DEADLINE FOR ASSISTANCE FOR
2 ADMINISTRATIVE, OVERSIGHT, AND CON-
3 TRACT PROCESSING COSTS.

4 Section 9(mm)(1) of the Small Business
5 Act (15 U.S.C. 638(mm)(1)) is amended by
6 striking “September 30, 2017” and inserting
7 “September 30, 2022”.

8 SEC. 7. IMPROVEMENTS TO TECHNICAL AND BUSINESS AS-
9 SISTANCE IN THE SBIR AND STTR PRO-
10 GRAMS.

11 Section 9(q) of the Small Business Act (15
12 U.S.C. 638(q)) is amended—

13 (1) in the subsection heading, by in-
14 serting “AND BUSINESS” after “TECHNICAL”;

15 (2) in paragraph (1)—

16 (A) in the matter preceding sub-
17 paragraph (A)—

18 (i) by striking “a vendor se-
19 lected under paragraph (2)” and
20 inserting “1 or more vendors se-
21 lected under paragraph (2)(A)”;

22 (ii) by inserting “and busi-
23 ness” before “assistance services”;
24 and

25 (iii) by inserting “assistance
26 with product sales, intellectual

1 **property protections, market re-**
2 **search, market validation, and de-**
3 **velopment of regulatory plans**
4 **and manufacturing plans,” after**
5 **“technologies,”; and**

6 **(B) in subparagraph (D), by in-**
7 **serting “, including intellectual prop-**
8 **erty protections” before the period at**
9 **the end;**

10 **(3) in paragraph (2)—**

11 **(A) by striking “Each agency may**
12 **select a vendor to assist small busi-**
13 **ness concerns to meet” and inserting**
14 **the following:**

15 **“(A) IN GENERAL.—Each agency**
16 **may select 1 or more vendors from**
17 **which small business concerns may**
18 **obtain assistance in meeting”; and**

19 **(B) by adding at the end the fol-**
20 **lowing:**

21 **“(B) SELECTION BY SMALL BUSINESS**
22 **CONCERN.—A small business concern**
23 **may, by contract or otherwise, select**
24 **1 or more vendors to assist the small**

1 **business concern in meeting the goals**
2 **listed in paragraph (1).”; and**
3 **(4) in paragraph (3)—**

4 **(A) by inserting “(A)” after “para-**
5 **graph (2)” each place it appears;**

6 **(B) in subparagraph (A), by strik-**
7 **ing “\$5,000 per year” each place it ap-**
8 **pears and inserting “\$6,500 per**
9 **project”;**

10 **(C) in subparagraph (B)—**

11 **(i) by striking “\$5,000 per**
12 **year” each place it appears and**
13 **inserting “\$35,000 per project”;**
14 **and**

15 **(ii) in clause (ii), by striking**
16 **“which shall be in addition to the**
17 **amount of the recipient’s award”**
18 **and inserting “which may, as de-**
19 **termined appropriate by the head**
20 **of the agency, be included as part**
21 **of the recipient’s award or be in**
22 **addition to the amount of the re-**
23 **cipient’s award”;**

24 **(D) in subparagraph (C)—**

1 (i) by inserting “or business”
2 after “technical”;

3 (ii) by striking “the vendor”
4 and inserting “a vendor”; and

5 (iii) by adding at the end the
6 following: “Business-related serv-
7 ices may be obtained from an en-
8 tity, such as a public or private
9 organization or an agency of or
10 other entity established or funded
11 by a State, that facilitates or ac-
12 celerates the commercialization
13 of technologies or assists in the
14 creation and growth of private
15 enterprises that are commer-
16 cializing technology.”;

17 (E) in subparagraph (D)—

18 (i) by inserting “or business”
19 after “technical” each place it ap-
20 pears; and

21 (ii) in clause (i)—

22 (I) by striking “the ven-
23 dor” and inserting “1 or more
24 vendors”; and

1 (II) by striking “provides”
2 and inserting “provide”; and
3 (F) by adding at the end the fol-
4 lowing:

5 “(E) MULTIPLE AWARD RECIPI-
6 ENTS.—The Administrator shall estab-
7 lish a limit on the amount of tech-
8 nical and business assistance services
9 that may be received or purchased
10 under subparagraph (B) by a small
11 business concern that has received
12 multiple Phase II SBIR or STTR
13 awards for a fiscal year.”.

14 SEC. 8. ADDITIONAL SBIR AND STTR TECHNOLOGY INSER-
15 TION REPORTING REQUIREMENT.

16 Section 9(y)(6) of the Small Business Act
17 (15 U.S.C. 638(y)(6)) is amended—

18 (1) in subparagraph (B), by striking
19 “and” at the end;

20 (2) in subparagraph (C)(iii), by strik-
21 ing the period at the end and inserting “;
22 and”; and

23 (3) by adding at the end the following
24 new subparagraph:

1 “(D) not later than 120 days after
2 the date of the enactment of this sub-
3 paragraph, and not later than Decem-
4 ber 31 of each year thereafter, submit
5 to the Committee on Science, Space,
6 and Technology and the Committee
7 on Small Business of the House of
8 Representatives, and to the Com-
9 mittee on Small Business and Entre-
10 preneurship of the Senate, a report
11 describing the goals set under sub-
12 paragraph (A) and the incentives
13 used or created under subparagraph
14 (B).”.

15 SEC. 9. CONTINGENT LIMITATION ON USE OF CERTAIN
16 FUNDS PENDING SUBMISSION OF REPORT.

17 (a) **REPORT DEADLINE.**—The Administrator
18 of the Small Business Administration shall
19 submit the annual report required under sec-
20 tion 9(b)(7) of the Small Business Act (15
21 U.S.C. 638(b)(7)) not later than the last day of
22 each calendar year.

23 (b) **PROHIBITION ON AVAILABILITY OF FUNDS**
24 **FOR FAILURE TO SUBMIT REPORT.**—If the Ad-
25 ministrator does not meet the deadline for

1 submission under subsection (a) with respect
2 to a calendar year, no funds authorized to be
3 appropriated or otherwise made available to
4 the Small Business Administration by this
5 Act, or any other Act, may be obligated or ex-
6 pended for travel by the Administrator for the
7 following calendar year until such time as the
8 Administrator submits the report described
9 under subsection (a).

10 SEC. 10. ENCOURAGING INNOVATION IN UNITED STATES
11 MANUFACTURING.

12 Section 9 of the Small Business Act (15
13 U.S.C. 638) is amended by adding at the end
14 the following:

15 “(tt) ENCOURAGING INNOVATION IN UNITED
16 STATES MANUFACTURING.—In carrying out this
17 section, the Administrator shall—

18 “(1) ensure that, in selecting small
19 business concerns to participate in SBIR
20 or STTR programs under this section,
21 Federal agencies give high priority to
22 small manufacturing companies and
23 other small business concerns that are
24 engaged in manufacturing research and
25 development for the purpose of devel-

1 **oping and producing new products and**
2 **technologies in the United States; and**

3 **“(2) include in the annual report to**
4 **Congress under subsection (b)(7) a deter-**
5 **mination of whether the priority de-**
6 **scribed in paragraph (1) is being carried**
7 **out.”.**

8 **SEC. 11. ENCOURAGING INNOVATION IN CYBERSECURITY.**

9 **Section 9 of the Small Business Act (15**
10 **U.S.C. 638), as amended by section 10 of this**
11 **Act, is further amended by adding at the end**
12 **the following:**

13 **“(uu) ENCOURAGING INNOVATION IN CYBER-**
14 **SECURITY.—In carrying out this section, the**
15 **Administrator shall—**

16 **“(1) ensure that, in selecting small**
17 **business concerns to participate in SBIR**
18 **or STTR programs under this section,**
19 **Federal agencies give high priority to**
20 **small business concerns that are engaged**
21 **in cybersecurity research and develop-**
22 **ment, for the purpose of developing and**
23 **implementing technology services and**
24 **products to strengthen the security of**
25 **United States Government and private**

1 **computer systems, including software,**
 2 **hardware, and portable devices; and**

3 **“(2) include in the annual report to**
 4 **Congress under subsection (b)(7) a deter-**
 5 **mination of whether the priority de-**
 6 **scribed in paragraph (1) is being carried**
 7 **out.”.**

8 **SEC. 12. INNOVATIVE APPROACHES TO TECHNOLOGY**
 9 **TRANSFER.**

10 **Section 9(jj) of the Small Business Act (15**
 11 **U.S.C. 638(jj)) is amended to read as follows:**

12 **“(jj) INNOVATIVE APPROACHES TO TECH-**
 13 **NOLOGY TRANSFER.—**

14 **“(1) GRANT PROGRAM.—**

15 **“(A) IN GENERAL.—Each Federal**
 16 **agency required by subsection (n) to**
 17 **establish an STTR program shall**
 18 **carry out an Innovative Approaches**
 19 **to Technology Transfer Grant Pro-**
 20 **gram (hereinafter referred to as a**
 21 **‘Program’) to support innovative ap-**
 22 **proaches to technology transfer at in-**
 23 **stitutions of higher education (as de-**
 24 **defined in section 101(a) of the Higher**
 25 **Education Act of 1965 (20 U.S.C.**

1 **1001(a)), nonprofit research institu-**
2 **tions, and Federal laboratories in**
3 **order to accelerate the commer-**
4 **cialization of federally funded re-**
5 **search and technology by small busi-**
6 **ness concerns, including new busi-**
7 **nesses.**

8 **“(B) AWARDING OF GRANTS TO**
9 **QUALIFYING INSTITUTIONS.—**

10 **“(i) IN GENERAL.—Each Fed-**
11 **eral agency described in subpara-**
12 **graph (A) shall provide grants,**
13 **through a competitive, merit-**
14 **based process, in the amounts**
15 **listed in subparagraph (C)(i) to**
16 **institutions of higher education,**
17 **technology transfer organizations**
18 **that facilitate the commercializa-**
19 **tion of technologies developed by**
20 **one or more such institutions of**
21 **higher education, Federal labora-**
22 **tories, other public and private**
23 **nonprofit entities, and consortia**
24 **thereof, for initiatives that help**
25 **identify high-quality, commer-**

1 cially viable federally funded re-
2 search and technologies and to fa-
3 cilitate and accelerate their trans-
4 fer into the marketplace.

5 “(ii) SELECTION PROCESS AND
6 APPLICATIONS.—Qualifying institu-
7 tions seeking a grant under this
8 subsection shall submit an appli-
9 cation to a Federal agency de-
10 scribed in subparagraph (A) at
11 such time, in such manner, and
12 containing such information as
13 the agency may require. The ap-
14 plication shall include, at a min-
15 imum—

16 “(I) a description of inno-
17 vative approaches to tech-
18 nology transfer, technology
19 development, and commercial
20 readiness that have the poten-
21 tial to increase or accelerate
22 technology transfer outcomes
23 and can be adopted by other
24 qualifying institutions, or a
25 demonstration of proven tech-

1 nology transfer and commer-
2 cialization strategies, or a
3 plan to implement proven
4 technology transfer and com-
5 mercialization strategies, that
6 can achieve greater commer-
7 cialization of federally funded
8 research and technologies
9 with Program funding;

10 “(II) a description of how
11 the qualifying institution will
12 contribute to local and re-
13 gional economic development
14 efforts; and

15 “(III) a plan for sustain-
16 ability beyond the duration of
17 the funding award.

18 “(iii) USE OF FUNDS.—Activities
19 supported by grants under this
20 subsection may include—

21 “(I) providing early-stage
22 proof of concept funding for
23 translational research;

24 “(II) identifying research
25 and technologies at recipient

1 institutions that have the po-
2 tential for accelerated com-
3 mercialization;

4 “(III) technology matura-
5 tion funding to support activi-
6 ties such as prototype con-
7 struction, experiment anal-
8 ysis, product comparison, and
9 collecting performance data;

10 “(IV) technical valida-
11 tions, market research, clari-
12 fying intellectual property
13 rights position and strategy,
14 and investigating commercial
15 and business opportunities;
16 and

17 “(V) programs to provide
18 advice, mentoring, entrepre-
19 neurial education, project
20 management, and technology
21 and business development ex-
22 pertise to innovators and re-
23 cipients of technology trans-
24 fer licenses to maximize com-
25 mercialization potential.

1 **“(iv) PROGRAM OVERSIGHT**
2 **BOARD.—**

3 **“(I) IN GENERAL.—Successful**
4 **ful applications required**
5 **under clause (ii) shall include**
6 **a plan to assemble a Program**
7 **Oversight Board, the mem-**
8 **bers of which shall have tech-**
9 **anical, scientific, or business**
10 **expertise and shall be drawn**
11 **from industry, start-up com-**
12 **panies, venture capital, tech-**
13 **nical enterprises, financial in-**
14 **stitutions, and business devel-**
15 **opment organizations.**

16 **“(II) PROJECT AWARDS.—A**
17 **Program Oversight Board**
18 **shall—**

19 **“(aa) establish award**
20 **programs for individual**
21 **projects;**

22 **“(bb) provide rigorous**
23 **evaluation of project ap-**
24 **plications;**

1 “(cc) determine which
2 projects should receive
3 awards, in accordance
4 with guidelines estab-
5 lished by the Board;

6 “(dd) establish mile-
7 stones and associated
8 award amounts for
9 projects that reach mile-
10 stones;

11 “(ee) determine
12 whether awarded projects
13 are reaching milestones;
14 and

15 “(ff) develop a process
16 to reallocate outstanding
17 award amounts from
18 projects that are not
19 reaching milestones to
20 other projects with more
21 potential.

22 “(C) GRANT AND AWARD AMOUNTS.—

23 “(i) GRANT AMOUNTS.—Each
24 Federal agency described in sub-
25 paragraph (A) may make grants

1 under subparagraph (B) to quali-
2 fying institutions for up to
3 \$1,000,000 per year for up to 3
4 years.

5 “(ii) AWARD AMOUNTS.—Each
6 qualifying institution that re-
7 ceives a grant under subpara-
8 graph (B) shall provide awards
9 for individual projects of not
10 more than \$150,000, to be pro-
11 vided in phased amounts, based
12 on reaching the milestones estab-
13 lished by the qualifying institu-
14 tion’s Program Oversight Board.

15 “(D) AUTHORIZED EXPENDITURES
16 FOR THE PROGRAM.—

17 “(i) PERCENTAGE.—The per-
18 centage of the extramural budget
19 that each Federal agency de-
20 scribed under subparagraph (A)
21 expends on a Program shall be—

22 “(I) 0.05 percent for each
23 of fiscal years 2018 and 2019;
24 and

1 **“(II) 0.1 percent for each**
2 **of fiscal years 2020 and 2021.**

3 **“(ii) TREATMENT OF EXPENDI-**
4 **TURES.—Any portion of the extra-**
5 **mural budget expended by a Fed-**
6 **eral agency on a Program shall**
7 **apply towards the agency’s ex-**
8 **penditure requirements under**
9 **subsection (n).**

10 **“(2) PROGRAM EVALUATION AND DATA**
11 **COLLECTION AND DISSEMINATION.—**

12 **“(A) EVALUATION PLAN AND DATA**
13 **COLLECTION.—Each Federal agency re-**
14 **quired by paragraph (1)(A) to estab-**
15 **lish a Program shall develop a pro-**
16 **gram evaluation plan and collect, an-**
17 **nually, such information from grant-**
18 **ees as is necessary to assess the Pro-**
19 **gram. Program evaluation plans shall**
20 **require the collection of data aimed**
21 **at identifying outcomes resulting**
22 **from the transfer of technology with**
23 **assistance from the Program, such**
24 **as—**

1 “(i) specific follow-on funding
2 identified or obtained, including
3 follow-on funding sources, such
4 as Federal sources or private
5 sources;

6 “(ii) the number of projects
7 which result in a license to a
8 start-up company or an estab-
9 lished company with sufficient re-
10 sources for effective commer-
11 cialization within 5 years of re-
12 ceiving an award under para-
13 graph (1)(C)(ii);

14 “(iii) invention disclosures
15 and patents;

16 “(iv) the number of projects
17 supported by qualifying institu-
18 tions receiving a grant under
19 paragraph (1)(C)(i) that secure
20 Phase I or Phase II SBIR or STTR
21 awards;

22 “(v) available information on
23 revenue, sales, or other measures
24 of products that have been com-
25 mercialized as a result of projects

1 awarded under paragraph
2 (1)(C)(ii);

3 “(vi) the number and location
4 of jobs created resulting from
5 projects awarded under para-
6 graph (1)(C)(ii); and

7 “(vii) other data as considered
8 appropriate by a Federal agency
9 required by this subparagraph to
10 develop a program evaluation
11 plan.

12 “(B) EVALUATIVE REPORT TO CON-
13 GRESS.—The head of each Federal
14 agency that has a Program shall sub-
15 mit to the Committee on Science,
16 Space, and Technology and the Com-
17 mittee on Small Business of the
18 House of Representatives and the
19 Committee on Small Business and En-
20 trepreneurship of the Senate an eval-
21 uative report regarding the activities
22 of the Program. The report shall in-
23 clude—

1 “(i) a detailed description of
2 the implementation of the Pro-
3 gram;

4 “(ii) a detailed description of
5 the grantee selection process;

6 “(iii) an accounting of the
7 funds used in the Program; and

8 “(iv) a summary of the data
9 collected under subparagraph (A).

10 “(C) DATA DISSEMINATION.—For
11 purposes of Program transparency
12 and dissemination of best practices,
13 the Administrator shall include, on
14 the public database under subsection
15 (k)(1), information on the Program,
16 including—

17 “(i) the program evaluation
18 plan required under subpara-
19 graph (A);

20 “(ii) a list of recipients of
21 awards under paragraph
22 (1)(C)(ii); and

23 “(iii) information on the use of
24 grants under paragraph (1)(C)(i)
25 by recipient institutions.”.

Union Calendar No. 223

115TH CONGRESS
1ST Session

H. R. 2763

[Report No. 115-313, Parts I and II]

A BILL

To amend the Small Business Act to improve the Small Business Innovation Research program and Small Business Technology Transfer program, and for other purposes.

SEPTEMBER 14, 2017

Reported from the Committee on Small Business with an amendment

SEPTEMBER 14, 2017

Reported from the Committee on Science, Space, and Technology with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed